

## Message Text

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PAGE 01 LIMA 01393 191747Z

67

ACTION ARA-10

INFO OCT-01 ISO-00 IO-10 CIAE-00 DODE-00 PM-03 H-01 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 STR-01 /097 W

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R 191700Z FEB 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 3978

LIMITED OFFICIAL USE LIMA 1393

E.O. 11652: N/A

TAGS: ETRD, PFOR, PE

SUBJECT: FINANCE MINISTER ATTACKS TRA/BDC DESIGNATION

FOR PERU - IMPLICATIONS

REFS: LIMA 1313, LIMA 1069, LIMA 922, STATE 28219,

STATE 21689, STATE 282967

1. DURING THE COURSE OF HIS NATIONALLY-TELEvised REVIEW OF  
THE CURRENT STATE OF THE PERUVIAN ECONOMY FEBRUARY 13 (LIMA 1313),  
GENERAL VARGAS GAVILANO, MINISTER OF ECONOMY AND FINANCE,  
ATTACKED THE "INEQUITIES" OF THE U.S. TRA, CALLING IT  
COERCIVE AND DISCRIMINATORY. QUOTE IT IS A DISCRIMINATORY  
LAW WHICH SEEKS TO PROTECT THE U.S. ECONOMY..THROUGH  
THE UNACCEPTABLE CONDITION OF A CERTIFICATE OF GOOD CONDUCT  
ON THE PART OF THE REST OF THE WORLD...IT IS AS IF  
I ASKED DIRECTLY OF SOMEONE THAT IF HE GETS ALONG WELL WITH  
ME HE WILL BE PROTECTED, WHILE IF HE DOESN'T BEHAVE, I  
WILL DENY HIM MY MARKET. THE U.S. HAS THE RIGHT TO PASS  
SUCH A LAW, BUT WE DO NOT KNOW IF WE ARE ON THE BLACK  
LIST, THE GRAY LIST OR THE WHITE LIST (LA LISTA NEGRA,  
PLOMA, OR BLANCA). END QUOTE.

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PAGE 02 LIMA 01393 191747Z

2. ACCORDING TO THE PRESS, IN RESPONSE TO A QUESTION,

THE MINISTER THEN SAID THAT THE BEST WAY TO PROTECT ONE-SELF (IN CASE MARKET ACCESS IS DENIED) IS TO SEEK DIVERSIFICATION OF ONE'S MARKETS. THUS, IF PERU IS THEN DENIED A MARKET, IT CAN PLACE ITS EXPORTS ELSEWHERE. THE MINISTER IS REPORTED TO HAVE REPLIED.

3. COMMENT: A MILD-MANNERED PERSON, MINISTER VARGAS' STATEMENTS WERE COUCHED WITH LESS HYPERBOLE THAN PREVIOUS REMARKS BY THE FOREIGN MINISTER, AND REPRESENT THE FIRST GOP OFFICIAL STATEMENT ON THE TRA IN THE LAST TWO WEEKS. IF TAKEN LITERALLY, HIS REMARKS COULD IMPLY THAT PERU EXPECTS TO BENEFIT FROM GSP UNTIL SUCH TIME AS IT BECOMES A FULL OPEC MEMBER. HOWEVER, WE THINK SUCH AN INTERPRETATION COULD BE MISLEADING, SINCE IT IS NOT YET CLEAR WHETHER PERU WILL, IN FACT, ACCEPT THE BENEFITS OF GSP DESIGNATION.

4. IN THIS REGARD, PERU HAS SUBMITTED ITS LIST OF POTENTIAL ARTICLES TO US AND HAS NOT COMPLAINED ABOUT ITS INCLUSION IN THE LIST OF POTENTIAL BDC'S SENT TO CONGRESS. HOWEVER, THE FOREIGN MINISTRY HAS NEVER INFORMED US WHETHER PERU ACTUALLY PLANS TO PARTICIPATE. PRIOR TO THE LATIN AMERICAN-WIDE FLAP OVER TRA THE IMPLICATION WAS CLEAR THAT IT WOULD, BUT IT IS OBVIOUS THAT "THIRD WORLD IDEOLOGICAL FACTORS" MIGHT PREDOMINATE OVER THE ACTUAL BENEFITS OF GSP TO PERU AND THAT PERU MIGHT THEREFORE DECIDE TO RENOUNCE BDC DESIGNATION. ON THIS POINT, IT SHOULD BE NOTED THAT THE FOREIGN MINISTRY HAS BEEN TOLD BY THE EMBASSY, ON THE BASIS OF INFORMATION IN STATE 282967 THAT THERE IS NO SET PROCEDURE BY WHICH POTENTIAL BDC'S SHOULD NOTIFY THE USG OF THEIR DESIRE TO BE SO DESIGNATED. THE FOREIGN MINISTRY IS CURRENTLY OPERATING UNDER THAT ASSUMPTION AND MAY, THEREFORE, NOT BE CONSIDERING ANY OFFICIAL NOTIFICATION TO US. THUS, WE HAVE NOT YET REPLIED TO STATE 28219 WHICH SUGGESTS THAT EACH BDC GIVE US A DIRECT EXPRESSION IN WRITING OF ITS DESIRE TO BE SO DESIGNATED, BUT WILL DISCUSS THIS MATTER THIS WEEK WITH THE FOREIGN MINISTRY'S CHIEF OF COMMERCIAL POLICY, WHO HAS BEEN OUT OF THE COUNTRY THE LAST TWO WEEKS. DEPENDING ON HIS VIEWS, WE WILL THEN DECIDE LIMITED OFFICIAL USE

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PAGE 03 LIMA 01393 191747Z

WHETHER TO REQUEST THE GOP TO GIVE US AN EXPRESSION OF ITS DESIRES IN WRITING.  
DEAN

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
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**To:** STATE  
**Type:** TE  
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